

1 AN ACT in relation to taxes.

2 Be it enacted by the People of the State of Illinois,
3 represented in the General Assembly:

4 Section 5. The Use Tax Act is amended by changing
5 Section 3-55 as follows:

6 (35 ILCS 105/3-55) (from Ch. 120, par. 439.3-55)

7 Sec. 3-55. Multistate exemption. The tax imposed by this
8 Act does not apply to the use of tangible personal property
9 in this State under the following circumstances:

10 (a) The use, in this State, of tangible personal
11 property acquired outside this State by a nonresident
12 individual and brought into this State by the individual for
13 his or her own use while temporarily within this State or
14 while passing through this State.

15 (b) The use, in this State, of tangible personal
16 property by an interstate carrier for hire as rolling stock
17 moving in interstate commerce or by lessors under a lease of
18 one year or longer executed or in effect at the time of
19 purchase of tangible personal property by interstate carriers
20 for-hire for use as rolling stock moving in interstate
21 commerce as long as so used by the interstate carriers
22 for-hire, and equipment operated by a telecommunications
23 provider, licensed as a common carrier by the Federal
24 Communications Commission, which is permanently installed in
25 or affixed to aircraft moving in interstate commerce.

26 (c) The use, in this State, by owners, lessors, or
27 shippers of tangible personal property that is utilized by
28 interstate carriers for hire for use as rolling stock moving
29 in interstate commerce as long as so used by the interstate
30 carriers for hire, and equipment operated by a
31 telecommunications provider, licensed as a common carrier by

1 the Federal Communications Commission, which is permanently
2 installed in or affixed to aircraft moving in interstate
3 commerce.

4 (d) The use, in this State, of tangible personal
5 property that is acquired outside this State and caused to be
6 brought into this State by a person who has already paid a
7 tax in another State in respect to the sale, purchase, or use
8 of that property, to the extent of the amount of the tax
9 properly due and paid in the other State.

10 (e) The temporary storage, in this State, of tangible
11 personal property that is acquired outside this State and
12 that, after being brought into this State and stored here
13 temporarily, is used solely outside this State or is
14 physically attached to or incorporated into other tangible
15 personal property that is used solely outside this State, or
16 is altered by converting, fabricating, manufacturing,
17 printing, processing, or shaping, and, as altered, is used
18 solely outside this State.

19 (f) The temporary storage in this State of building
20 materials and fixtures that are acquired either in this State
21 or outside this State by an Illinois registered combination
22 retailer and construction contractor, and that the purchaser
23 thereafter uses outside this State by incorporating that
24 property into real estate located outside this State.

25 (g) The use or purchase of tangible personal property by
26 a common carrier by rail or motor that receives the physical
27 possession of the property in Illinois, and that transports
28 the property, or shares with another common carrier in the
29 transportation of the property, out of Illinois on a standard
30 uniform bill of lading showing the seller of the property as
31 the shipper or consignor of the property to a destination
32 outside Illinois, for use outside Illinois.

33 (h) The use, in this State, of a motor vehicle that was
34 sold in this State to a nonresident, even though the motor

1 vehicle is delivered to the nonresident in this State, if the
2 motor vehicle is not to be titled in this State, and if a
3 driveaway decal permit is issued to the motor vehicle as
4 provided in Section 3-603 of the Illinois Vehicle Code or if
5 the nonresident purchaser has vehicle registration plates to
6 transfer to the motor vehicle upon returning to his or her
7 home state. The issuance of the driveaway decal permit or
8 having the out-of-state registration plates to be transferred
9 shall be prima facie evidence that the motor vehicle will not
10 be titled in this State.

11 (i) Beginning July 1, 1999, the use, in this State, of
12 fuel acquired outside this State and brought into this State
13 in the fuel supply tanks of locomotives engaged in freight
14 hauling and passenger service for interstate commerce. This
15 subsection is exempt from the provisions of Section 3-90.

16 (j) Beginning on January 1, 2002, the use, in this
17 State, of tangible personal property purchased from an
18 Illinois vendor by a multistate taxpayer engaged in
19 centralized purchasing activities in Illinois, provided that
20 the tangible personal property purchased in Illinois from an
21 Illinois vendor is only temporarily stored in this State
22 prior to being transferred to an out-of-state location solely
23 for use or consumption outside of this State. For the
24 purposes of this subsection (j), a "multistate taxpayer" is a
25 taxpayer registered to collect and remit a sales, use, or
26 occupation tax in a state or states other than Illinois. A
27 taxpayer engaged in "centralized purchasing activities" is a
28 multistate taxpayer who purchases tangible personal property
29 in bulk for the common use or consumption of its multiple
30 business locations both within and outside the State of
31 Illinois. Tangible personal property acquired by the
32 multistate taxpayer engaged in centralized purchasing
33 activities in this State is "temporarily stored" in this
34 State if it is received in this State from an Illinois

1 registered retailer and subsequently transferred for use to
2 another state without alteration, or if altered by
3 converting, fabricating, manufacturing, printing, processing,
4 or shaping, is used solely outside this State by the
5 registered multistate taxpayer.

6 (Source: P.A. 90-519, eff. 6-1-98; 90-552, eff. 12-12-97;
7 91-51, eff. 6-30-99; 91-313, eff. 7-29-99; 91-587, eff.
8 8-14-99; revised 9-29-99.)

9 Section 10. The Service Use Tax Act is amended by
10 changing Section 3-45 as follows:

11 (35 ILCS 110/3-45) (from Ch. 120, par. 439.33-45)

12 Sec. 3-45. Multistate exemption. The tax imposed by this
13 Act does not apply to the use of tangible personal property
14 in this State under the following circumstances:

15 (a) The use, in this State, of property acquired outside
16 this State by a nonresident individual and brought into this
17 State by the individual for his or her own use while
18 temporarily within this State or while passing through this
19 State.

20 (b) The use, in this State, of property that is acquired
21 outside this State and that is moved into this State for use
22 as rolling stock moving in interstate commerce.

23 (c) The use, in this State, of property that is acquired
24 outside this State and caused to be brought into this State
25 by a person who has already paid a tax in another state in
26 respect to the sale, purchase, or use of that property, to
27 the extent of the amount of the tax properly due and paid in
28 the other state.

29 (d) The temporary storage, in this State, of property
30 that is acquired outside this State and that after being
31 brought into this State and stored here temporarily, is used
32 solely outside this State or is physically attached to or

1 incorporated into other property that is used solely outside
2 this State, or is altered by converting, fabricating,
3 manufacturing, printing, processing, or shaping, and, as
4 altered, is used solely outside this State.

5 (e) Beginning July 1, 1999, the use, in this State, of
6 fuel acquired outside this State and brought into this State
7 in the fuel supply tanks of locomotives engaged in freight
8 hauling and passenger service for interstate commerce. This
9 subsection is exempt from the provisions of Section 3-75.

10 (f) Beginning on January 1, 2002, the use, in this
11 State, of tangible personal property purchased from an
12 Illinois vendor by a multistate taxpayer engaged in
13 centralized purchasing activities in Illinois, provided that
14 the tangible personal property purchased in Illinois from an
15 Illinois vendor is only temporarily stored in this State
16 prior to being transferred to an out-of-state location solely
17 for use or consumption outside of this State. For the
18 purposes of this subsection (f), a "multistate taxpayer" is a
19 taxpayer registered to collect and remit a sales, use, or
20 occupation tax in a state or states other than Illinois. A
21 taxpayer engaged in "centralized purchasing activities" is a
22 multistate taxpayer who purchases tangible personal property
23 in bulk for the common use or consumption of its multiple
24 business locations both within and outside the State of
25 Illinois. Tangible personal property acquired by the
26 multistate taxpayer engaged in centralized purchasing
27 activities in this State is "temporarily stored" in this
28 State if it is received in this State from an Illinois
29 registered retailer and subsequently transferred for use to
30 another state without alteration, or if altered by
31 converting, fabricating, manufacturing, printing, processing,
32 or shaping, is used solely outside this State by the
33 registered multistate taxpayer.

34 (Source: P.A. 91-51, eff. 6-30-99; 91-313, eff. 7-29-99;

1 91-587, eff. 8-14-99; revised 9-29-99.)

2 Section 15. The Service Occupation Tax Act is amended by
3 changing Section 3-5 as follows:

4 (35 ILCS 115/3-5) (from Ch. 120, par. 439.103-5)

5 Sec. 3-5. Exemptions. The following tangible personal
6 property is exempt from the tax imposed by this Act:

7 (1) Personal property sold by a corporation, society,
8 association, foundation, institution, or organization, other
9 than a limited liability company, that is organized and
10 operated as a not-for-profit service enterprise for the
11 benefit of persons 65 years of age or older if the personal
12 property was not purchased by the enterprise for the purpose
13 of resale by the enterprise.

14 (2) Personal property purchased by a not-for-profit
15 Illinois county fair association for use in conducting,
16 operating, or promoting the county fair.

17 (3) Personal property purchased by any not-for-profit
18 arts or cultural organization that establishes, by proof
19 required by the Department by rule, that it has received an
20 exemption under Section 501(c)(3) of the Internal Revenue
21 Code and that is organized and operated for the presentation
22 or support of arts or cultural programming, activities, or
23 services. These organizations include, but are not limited
24 to, music and dramatic arts organizations such as symphony
25 orchestras and theatrical groups, arts and cultural service
26 organizations, local arts councils, visual arts
27 organizations, and media arts organizations.

28 (4) Legal tender, currency, medallions, or gold or
29 silver coinage issued by the State of Illinois, the
30 government of the United States of America, or the government
31 of any foreign country, and bullion.

32 (5) Graphic arts machinery and equipment, including

1 repair and replacement parts, both new and used, and
2 including that manufactured on special order or purchased for
3 lease, certified by the purchaser to be used primarily for
4 graphic arts production.

5 (6) Personal property sold by a teacher-sponsored
6 student organization affiliated with an elementary or
7 secondary school located in Illinois.

8 (7) Farm machinery and equipment, both new and used,
9 including that manufactured on special order, certified by
10 the purchaser to be used primarily for production agriculture
11 or State or federal agricultural programs, including
12 individual replacement parts for the machinery and equipment,
13 including machinery and equipment purchased for lease, and
14 including implements of husbandry defined in Section 1-130 of
15 the Illinois Vehicle Code, farm machinery and agricultural
16 chemical and fertilizer spreaders, and nurse wagons required
17 to be registered under Section 3-809 of the Illinois Vehicle
18 Code, but excluding other motor vehicles required to be
19 registered under the Illinois Vehicle Code. Horticultural
20 polyhouses or hoop houses used for propagating, growing, or
21 overwintering plants shall be considered farm machinery and
22 equipment under this item (7). Agricultural chemical tender
23 tanks and dry boxes shall include units sold separately from
24 a motor vehicle required to be licensed and units sold
25 mounted on a motor vehicle required to be licensed if the
26 selling price of the tender is separately stated.

27 Farm machinery and equipment shall include precision
28 farming equipment that is installed or purchased to be
29 installed on farm machinery and equipment including, but not
30 limited to, tractors, harvesters, sprayers, planters,
31 seeders, or spreaders. Precision farming equipment includes,
32 but is not limited to, soil testing sensors, computers,
33 monitors, software, global positioning and mapping systems,
34 and other such equipment.

1 Farm machinery and equipment also includes computers,
2 sensors, software, and related equipment used primarily in
3 the computer-assisted operation of production agriculture
4 facilities, equipment, and activities such as, but not
5 limited to, the collection, monitoring, and correlation of
6 animal and crop data for the purpose of formulating animal
7 diets and agricultural chemicals. This item (7) is exempt
8 from the provisions of Section 3-55.

9 (8) Fuel and petroleum products sold to or used by an
10 air common carrier, certified by the carrier to be used for
11 consumption, shipment, or storage in the conduct of its
12 business as an air common carrier, for a flight destined for
13 or returning from a location or locations outside the United
14 States without regard to previous or subsequent domestic
15 stopovers.

16 (9) Proceeds of mandatory service charges separately
17 stated on customers' bills for the purchase and consumption
18 of food and beverages, to the extent that the proceeds of the
19 service charge are in fact turned over as tips or as a
20 substitute for tips to the employees who participate directly
21 in preparing, serving, hosting or cleaning up the food or
22 beverage function with respect to which the service charge is
23 imposed.

24 (10) Oil field exploration, drilling, and production
25 equipment, including (i) rigs and parts of rigs, rotary rigs,
26 cable tool rigs, and workover rigs, (ii) pipe and tubular
27 goods, including casing and drill strings, (iii) pumps and
28 pump-jack units, (iv) storage tanks and flow lines, (v) any
29 individual replacement part for oil field exploration,
30 drilling, and production equipment, and (vi) machinery and
31 equipment purchased for lease; but excluding motor vehicles
32 required to be registered under the Illinois Vehicle Code.

33 (11) Photoprocessing machinery and equipment, including
34 repair and replacement parts, both new and used, including

1 that manufactured on special order, certified by the
2 purchaser to be used primarily for photoprocessing, and
3 including photoprocessing machinery and equipment purchased
4 for lease.

5 (12) Coal exploration, mining, offhighway hauling,
6 processing, maintenance, and reclamation equipment, including
7 replacement parts and equipment, and including equipment
8 purchased for lease, but excluding motor vehicles required to
9 be registered under the Illinois Vehicle Code.

10 (13) Food for human consumption that is to be consumed
11 off the premises where it is sold (other than alcoholic
12 beverages, soft drinks and food that has been prepared for
13 immediate consumption) and prescription and non-prescription
14 medicines, drugs, medical appliances, and insulin, urine
15 testing materials, syringes, and needles used by diabetics,
16 for human use, when purchased for use by a person receiving
17 medical assistance under Article 5 of the Illinois Public Aid
18 Code who resides in a licensed long-term care facility, as
19 defined in the Nursing Home Care Act.

20 (14) Semen used for artificial insemination of livestock
21 for direct agricultural production.

22 (15) Horses, or interests in horses, registered with and
23 meeting the requirements of any of the Arabian Horse Club
24 Registry of America, Appaloosa Horse Club, American Quarter
25 Horse Association, United States Trotting Association, or
26 Jockey Club, as appropriate, used for purposes of breeding or
27 racing for prizes.

28 (16) Computers and communications equipment utilized for
29 any hospital purpose and equipment used in the diagnosis,
30 analysis, or treatment of hospital patients sold to a lessor
31 who leases the equipment, under a lease of one year or longer
32 executed or in effect at the time of the purchase, to a
33 hospital that has been issued an active tax exemption
34 identification number by the Department under Section 1g of

1 the Retailers' Occupation Tax Act.

2 (17) Personal property sold to a lessor who leases the
3 property, under a lease of one year or longer executed or in
4 effect at the time of the purchase, to a governmental body
5 that has been issued an active tax exemption identification
6 number by the Department under Section 1g of the Retailers'
7 Occupation Tax Act.

8 (18) Beginning with taxable years ending on or after
9 December 31, 1995 and ending with taxable years ending on or
10 before December 31, 2004, personal property that is donated
11 for disaster relief to be used in a State or federally
12 declared disaster area in Illinois or bordering Illinois by a
13 manufacturer or retailer that is registered in this State to
14 a corporation, society, association, foundation, or
15 institution that has been issued a sales tax exemption
16 identification number by the Department that assists victims
17 of the disaster who reside within the declared disaster area.

18 (19) Beginning with taxable years ending on or after
19 December 31, 1995 and ending with taxable years ending on or
20 before December 31, 2004, personal property that is used in
21 the performance of infrastructure repairs in this State,
22 including but not limited to municipal roads and streets,
23 access roads, bridges, sidewalks, waste disposal systems,
24 water and sewer line extensions, water distribution and
25 purification facilities, storm water drainage and retention
26 facilities, and sewage treatment facilities, resulting from a
27 State or federally declared disaster in Illinois or bordering
28 Illinois when such repairs are initiated on facilities
29 located in the declared disaster area within 6 months after
30 the disaster.

31 (20) Beginning July 1, 1999, game or game birds sold at
32 a "game breeding and hunting preserve area" or an "exotic
33 game hunting area" as those terms are used in the Wildlife
34 Code or at a hunting enclosure approved through rules adopted

1 by the Department of Natural Resources. This paragraph is
2 exempt from the provisions of Section 3-55.

3 (21) ~~(20)~~ A motor vehicle, as that term is defined in
4 Section 1-146 of the Illinois Vehicle Code, that is donated
5 to a corporation, limited liability company, society,
6 association, foundation, or institution that is determined by
7 the Department to be organized and operated exclusively for
8 educational purposes. For purposes of this exemption, "a
9 corporation, limited liability company, society, association,
10 foundation, or institution organized and operated exclusively
11 for educational purposes" means all tax-supported public
12 schools, private schools that offer systematic instruction in
13 useful branches of learning by methods common to public
14 schools and that compare favorably in their scope and
15 intensity with the course of study presented in tax-supported
16 schools, and vocational or technical schools or institutes
17 organized and operated exclusively to provide a course of
18 study of not less than 6 weeks duration and designed to
19 prepare individuals to follow a trade or to pursue a manual,
20 technical, mechanical, industrial, business, or commercial
21 occupation.

22 (22) ~~(21)~~ Beginning January 1, 2000, personal property,
23 including food, purchased through fundraising events for the
24 benefit of a public or private elementary or secondary
25 school, a group of those schools, or one or more school
26 districts if the events are sponsored by an entity recognized
27 by the school district that consists primarily of volunteers
28 and includes parents and teachers of the school children.
29 This paragraph does not apply to fundraising events (i) for
30 the benefit of private home instruction or (ii) for which the
31 fundraising entity purchases the personal property sold at
32 the events from another individual or entity that sold the
33 property for the purpose of resale by the fundraising entity
34 and that profits from the sale to the fundraising entity.

1 This paragraph is exempt from the provisions of Section 3-55.

2 (23) ~~(20)~~ Beginning January 1, 2000, new or used
3 automatic vending machines that prepare and serve hot food
4 and beverages, including coffee, soup, and other items, and
5 replacement parts for these machines. This paragraph is
6 exempt from the provisions of Section 3-55.

7 (24) Beginning January 1, 2002, tangible personal
8 property purchased from an Illinois vendor by a multistate
9 taxpayer engaged in centralized purchasing activities in
10 Illinois, provided that the tangible personal property
11 purchased in Illinois from an Illinois vendor is only
12 temporarily stored in this State prior to being transferred
13 to an out-of-state location solely for use or consumption
14 outside of this State. For the purposes of this paragraph
15 (24), a "multistate taxpayer" is a taxpayer registered to
16 collect and remit a sales, use, or occupation tax in a state
17 or states other than Illinois. A taxpayer engaged in
18 "centralized purchasing activities" is a multistate taxpayer
19 who purchases tangible personal property in bulk for the
20 common use or consumption of its multiple business locations
21 both within and outside the State of Illinois. Tangible
22 personal property acquired by the multistate taxpayer engaged
23 in centralized purchasing activities in this State is
24 "temporarily stored" in this State if it is received in this
25 State from an Illinois registered retailer and subsequently
26 transferred for use to another state without alteration, or
27 if altered by converting, fabricating, manufacturing,
28 printing, processing, or shaping, is used solely outside this
29 State by the registered multistate taxpayer.

30 (Source: P.A. 90-14, eff. 7-1-97; 90-552, eff. 12-12-97;
31 90-605, eff. 6-30-98; 91-51, eff. 6-30-99; 91-200, eff.
32 7-20-99; 91-439, eff. 8-6-99; 91-533, eff. 8-13-99; 91-637,
33 eff. 8-20-99; 91-644, eff. 8-20-99; revised 9-29-99.)

1 Section 20. The Retailers' Occupation Tax Act is amended
2 by changing Section 2-5 as follows:

3 (35 ILCS 120/2-5) (from Ch. 120, par. 441-5)

4 Sec. 2-5. Exemptions. Gross receipts from proceeds from
5 the sale of the following tangible personal property are
6 exempt from the tax imposed by this Act:

7 (1) Farm chemicals.

8 (2) Farm machinery and equipment, both new and used,
9 including that manufactured on special order, certified by
10 the purchaser to be used primarily for production agriculture
11 or State or federal agricultural programs, including
12 individual replacement parts for the machinery and equipment,
13 including machinery and equipment purchased for lease, and
14 including implements of husbandry defined in Section 1-130 of
15 the Illinois Vehicle Code, farm machinery and agricultural
16 chemical and fertilizer spreaders, and nurse wagons required
17 to be registered under Section 3-809 of the Illinois Vehicle
18 Code, but excluding other motor vehicles required to be
19 registered under the Illinois Vehicle Code. Horticultural
20 polyhouses or hoop houses used for propagating, growing, or
21 overwintering plants shall be considered farm machinery and
22 equipment under this item (2). Agricultural chemical tender
23 tanks and dry boxes shall include units sold separately from
24 a motor vehicle required to be licensed and units sold
25 mounted on a motor vehicle required to be licensed, if the
26 selling price of the tender is separately stated.

27 Farm machinery and equipment shall include precision
28 farming equipment that is installed or purchased to be
29 installed on farm machinery and equipment including, but not
30 limited to, tractors, harvesters, sprayers, planters,
31 seeders, or spreaders. Precision farming equipment includes,
32 but is not limited to, soil testing sensors, computers,
33 monitors, software, global positioning and mapping systems,

1 and other such equipment.

2 Farm machinery and equipment also includes computers,
3 sensors, software, and related equipment used primarily in
4 the computer-assisted operation of production agriculture
5 facilities, equipment, and activities such as, but not
6 limited to, the collection, monitoring, and correlation of
7 animal and crop data for the purpose of formulating animal
8 diets and agricultural chemicals. This item (7) is exempt
9 from the provisions of Section 2-70.

10 (3) Distillation machinery and equipment, sold as a unit
11 or kit, assembled or installed by the retailer, certified by
12 the user to be used only for the production of ethyl alcohol
13 that will be used for consumption as motor fuel or as a
14 component of motor fuel for the personal use of the user, and
15 not subject to sale or resale.

16 (4) Graphic arts machinery and equipment, including
17 repair and replacement parts, both new and used, and
18 including that manufactured on special order or purchased for
19 lease, certified by the purchaser to be used primarily for
20 graphic arts production.

21 (5) A motor vehicle of the first division, a motor
22 vehicle of the second division that is a self-contained motor
23 vehicle designed or permanently converted to provide living
24 quarters for recreational, camping, or travel use, with
25 direct walk through access to the living quarters from the
26 driver's seat, or a motor vehicle of the second division that
27 is of the van configuration designed for the transportation
28 of not less than 7 nor more than 16 passengers, as defined in
29 Section 1-146 of the Illinois Vehicle Code, that is used for
30 automobile renting, as defined in the Automobile Renting
31 Occupation and Use Tax Act.

32 (6) Personal property sold by a teacher-sponsored
33 student organization affiliated with an elementary or
34 secondary school located in Illinois.

1 (7) Proceeds of that portion of the selling price of a
2 passenger car the sale of which is subject to the Replacement
3 Vehicle Tax.

4 (8) Personal property sold to an Illinois county fair
5 association for use in conducting, operating, or promoting
6 the county fair.

7 (9) Personal property sold to a not-for-profit arts or
8 cultural organization that establishes, by proof required by
9 the Department by rule, that it has received an exemption
10 under Section 501(c)(3) of the Internal Revenue Code and that
11 is organized and operated for the presentation or support of
12 arts or cultural programming, activities, or services. These
13 organizations include, but are not limited to, music and
14 dramatic arts organizations such as symphony orchestras and
15 theatrical groups, arts and cultural service organizations,
16 local arts councils, visual arts organizations, and media
17 arts organizations.

18 (10) Personal property sold by a corporation, society,
19 association, foundation, institution, or organization, other
20 than a limited liability company, that is organized and
21 operated as a not-for-profit service enterprise for the
22 benefit of persons 65 years of age or older if the personal
23 property was not purchased by the enterprise for the purpose
24 of resale by the enterprise.

25 (11) Personal property sold to a governmental body, to a
26 corporation, society, association, foundation, or institution
27 organized and operated exclusively for charitable, religious,
28 or educational purposes, or to a not-for-profit corporation,
29 society, association, foundation, institution, or
30 organization that has no compensated officers or employees
31 and that is organized and operated primarily for the
32 recreation of persons 55 years of age or older. A limited
33 liability company may qualify for the exemption under this
34 paragraph only if the limited liability company is organized

1 and operated exclusively for educational purposes. On and
2 after July 1, 1987, however, no entity otherwise eligible for
3 this exemption shall make tax-free purchases unless it has an
4 active identification number issued by the Department.

5 (12) Personal property sold to interstate carriers for
6 hire for use as rolling stock moving in interstate commerce
7 or to lessors under leases of one year or longer executed or
8 in effect at the time of purchase by interstate carriers for
9 hire for use as rolling stock moving in interstate commerce
10 and equipment operated by a telecommunications provider,
11 licensed as a common carrier by the Federal Communications
12 Commission, which is permanently installed in or affixed to
13 aircraft moving in interstate commerce.

14 (13) Proceeds from sales to owners, lessors, or shippers
15 of tangible personal property that is utilized by interstate
16 carriers for hire for use as rolling stock moving in
17 interstate commerce and equipment operated by a
18 telecommunications provider, licensed as a common carrier by
19 the Federal Communications Commission, which is permanently
20 installed in or affixed to aircraft moving in interstate
21 commerce.

22 (14) Machinery and equipment that will be used by the
23 purchaser, or a lessee of the purchaser, primarily in the
24 process of manufacturing or assembling tangible personal
25 property for wholesale or retail sale or lease, whether the
26 sale or lease is made directly by the manufacturer or by some
27 other person, whether the materials used in the process are
28 owned by the manufacturer or some other person, or whether
29 the sale or lease is made apart from or as an incident to the
30 seller's engaging in the service occupation of producing
31 machines, tools, dies, jigs, patterns, gauges, or other
32 similar items of no commercial value on special order for a
33 particular purchaser.

34 (15) Proceeds of mandatory service charges separately

1 stated on customers' bills for purchase and consumption of
2 food and beverages, to the extent that the proceeds of the
3 service charge are in fact turned over as tips or as a
4 substitute for tips to the employees who participate directly
5 in preparing, serving, hosting or cleaning up the food or
6 beverage function with respect to which the service charge is
7 imposed.

8 (16) Petroleum products sold to a purchaser if the
9 seller is prohibited by federal law from charging tax to the
10 purchaser.

11 (17) Tangible personal property sold to a common carrier
12 by rail or motor that receives the physical possession of the
13 property in Illinois and that transports the property, or
14 shares with another common carrier in the transportation of
15 the property, out of Illinois on a standard uniform bill of
16 lading showing the seller of the property as the shipper or
17 consignor of the property to a destination outside Illinois,
18 for use outside Illinois.

19 (18) Legal tender, currency, medallions, or gold or
20 silver coinage issued by the State of Illinois, the
21 government of the United States of America, or the government
22 of any foreign country, and bullion.

23 (19) Oil field exploration, drilling, and production
24 equipment, including (i) rigs and parts of rigs, rotary rigs,
25 cable tool rigs, and workover rigs, (ii) pipe and tubular
26 goods, including casing and drill strings, (iii) pumps and
27 pump-jack units, (iv) storage tanks and flow lines, (v) any
28 individual replacement part for oil field exploration,
29 drilling, and production equipment, and (vi) machinery and
30 equipment purchased for lease; but excluding motor vehicles
31 required to be registered under the Illinois Vehicle Code.

32 (20) Photoprocessing machinery and equipment, including
33 repair and replacement parts, both new and used, including
34 that manufactured on special order, certified by the

1 purchaser to be used primarily for photoprocessing, and
2 including photoprocessing machinery and equipment purchased
3 for lease.

4 (21) Coal exploration, mining, offhighway hauling,
5 processing, maintenance, and reclamation equipment, including
6 replacement parts and equipment, and including equipment
7 purchased for lease, but excluding motor vehicles required to
8 be registered under the Illinois Vehicle Code.

9 (22) Fuel and petroleum products sold to or used by an
10 air carrier, certified by the carrier to be used for
11 consumption, shipment, or storage in the conduct of its
12 business as an air common carrier, for a flight destined for
13 or returning from a location or locations outside the United
14 States without regard to previous or subsequent domestic
15 stopovers.

16 (23) A transaction in which the purchase order is
17 received by a florist who is located outside Illinois, but
18 who has a florist located in Illinois deliver the property to
19 the purchaser or the purchaser's donee in Illinois.

20 (24) Fuel consumed or used in the operation of ships,
21 barges, or vessels that are used primarily in or for the
22 transportation of property or the conveyance of persons for
23 hire on rivers bordering on this State if the fuel is
24 delivered by the seller to the purchaser's barge, ship, or
25 vessel while it is afloat upon that bordering river.

26 (25) A motor vehicle sold in this State to a nonresident
27 even though the motor vehicle is delivered to the nonresident
28 in this State, if the motor vehicle is not to be titled in
29 this State, and if a driveaway decal permit is issued to the
30 motor vehicle as provided in Section 3-603 of the Illinois
31 Vehicle Code or if the nonresident purchaser has vehicle
32 registration plates to transfer to the motor vehicle upon
33 returning to his or her home state. The issuance of the
34 driveaway decal permit or having the out-of-state

1 registration plates to be transferred is prima facie evidence
2 that the motor vehicle will not be titled in this State.

3 (26) Semen used for artificial insemination of livestock
4 for direct agricultural production.

5 (27) Horses, or interests in horses, registered with and
6 meeting the requirements of any of the Arabian Horse Club
7 Registry of America, Appaloosa Horse Club, American Quarter
8 Horse Association, United States Trotting Association, or
9 Jockey Club, as appropriate, used for purposes of breeding or
10 racing for prizes.

11 (28) Computers and communications equipment utilized for
12 any hospital purpose and equipment used in the diagnosis,
13 analysis, or treatment of hospital patients sold to a lessor
14 who leases the equipment, under a lease of one year or longer
15 executed or in effect at the time of the purchase, to a
16 hospital that has been issued an active tax exemption
17 identification number by the Department under Section 1g of
18 this Act.

19 (29) Personal property sold to a lessor who leases the
20 property, under a lease of one year or longer executed or in
21 effect at the time of the purchase, to a governmental body
22 that has been issued an active tax exemption identification
23 number by the Department under Section 1g of this Act.

24 (30) Beginning with taxable years ending on or after
25 December 31, 1995 and ending with taxable years ending on or
26 before December 31, 2004, personal property that is donated
27 for disaster relief to be used in a State or federally
28 declared disaster area in Illinois or bordering Illinois by a
29 manufacturer or retailer that is registered in this State to
30 a corporation, society, association, foundation, or
31 institution that has been issued a sales tax exemption
32 identification number by the Department that assists victims
33 of the disaster who reside within the declared disaster area.

34 (31) Beginning with taxable years ending on or after

1 December 31, 1995 and ending with taxable years ending on or
2 before December 31, 2004, personal property that is used in
3 the performance of infrastructure repairs in this State,
4 including but not limited to municipal roads and streets,
5 access roads, bridges, sidewalks, waste disposal systems,
6 water and sewer line extensions, water distribution and
7 purification facilities, storm water drainage and retention
8 facilities, and sewage treatment facilities, resulting from a
9 State or federally declared disaster in Illinois or bordering
10 Illinois when such repairs are initiated on facilities
11 located in the declared disaster area within 6 months after
12 the disaster.

13 (32) Beginning July 1, 1999, game or game birds sold at
14 a "game breeding and hunting preserve area" or an "exotic
15 game hunting area" as those terms are used in the Wildlife
16 Code or at a hunting enclosure approved through rules adopted
17 by the Department of Natural Resources. This paragraph is
18 exempt from the provisions of Section 2-70.

19 (33) ~~(32)~~ A motor vehicle, as that term is defined in
20 Section 1-146 of the Illinois Vehicle Code, that is donated
21 to a corporation, limited liability company, society,
22 association, foundation, or institution that is determined by
23 the Department to be organized and operated exclusively for
24 educational purposes. For purposes of this exemption, "a
25 corporation, limited liability company, society, association,
26 foundation, or institution organized and operated exclusively
27 for educational purposes" means all tax-supported public
28 schools, private schools that offer systematic instruction in
29 useful branches of learning by methods common to public
30 schools and that compare favorably in their scope and
31 intensity with the course of study presented in tax-supported
32 schools, and vocational or technical schools or institutes
33 organized and operated exclusively to provide a course of
34 study of not less than 6 weeks duration and designed to

1 prepare individuals to follow a trade or to pursue a manual,
2 technical, mechanical, industrial, business, or commercial
3 occupation.

4 (34) ~~(33)~~ Beginning January 1, 2000, personal property,
5 including food, purchased through fundraising events for the
6 benefit of a public or private elementary or secondary
7 school, a group of those schools, or one or more school
8 districts if the events are sponsored by an entity recognized
9 by the school district that consists primarily of volunteers
10 and includes parents and teachers of the school children.
11 This paragraph does not apply to fundraising events (i) for
12 the benefit of private home instruction or (ii) for which the
13 fundraising entity purchases the personal property sold at
14 the events from another individual or entity that sold the
15 property for the purpose of resale by the fundraising entity
16 and that profits from the sale to the fundraising entity.
17 This paragraph is exempt from the provisions of Section 2-70.

18 (35) ~~(32)~~ Beginning January 1, 2000, new or used
19 automatic vending machines that prepare and serve hot food
20 and beverages, including coffee, soup, and other items, and
21 replacement parts for these machines. This paragraph is
22 exempt from the provisions of Section 2-70.

23 (36) Beginning January 1, 2002, tangible personal
24 property purchased from an Illinois vendor by a multistate
25 taxpayer engaged in centralized purchasing activities in
26 Illinois, provided that the tangible personal property
27 purchased in Illinois from an Illinois vendor is only
28 temporarily stored in this State prior to being transferred
29 to an out-of-state location solely for use or consumption
30 outside of this State. For the purposes of this paragraph
31 (36), a "multistate taxpayer" is a taxpayer registered to
32 collect and remit a sales, use, or occupation tax in a state
33 or states other than Illinois. A taxpayer engaged in
34 "centralized purchasing activities" is a multistate taxpayer

1 who purchases tangible personal property in bulk for the
2 common use or consumption of its multiple business locations
3 both within and outside the State of Illinois. Tangible
4 personal property acquired by the multistate taxpayer engaged
5 in centralized purchasing activities in this State is
6 "temporarily stored" in this State if it is received in this
7 State from an Illinois registered retailer and subsequently
8 transferred for use to another state without alteration, or
9 if altered by converting, fabricating, manufacturing,
10 printing, processing, or shaping, is used solely outside this
11 State by the registered multistate taxpayer.

12 (Source: P.A. 90-14, eff. 7-1-97; 90-519, eff. 6-1-98;
13 90-552, eff. 12-12-97; 90-605, eff. 6-30-98; 91-51, eff.
14 6-30-99; 91-200, eff. 7-20-99; 91-439, eff. 8-6-99; 91-533,
15 eff. 8-13-99; 91-637, eff. 8-20-99; 91-644, eff. 8-20-99;
16 revised 9-28-99.)

17 Section 99. Effective date. This Act takes effect upon
18 becoming law.